

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE UNION)	CASE NO. 90-041-A
LIGHT, HEAT AND POWER COMPANY)	

INTERIM ORDER

On October 2, 1990, the Commission issued its Order in Case No. 90-041 approving certain adjustments in rates and providing under certain conditions for the further adjustments of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On November 1, 1990, The Union Light, Heat and Power Company ("ULH&P") filed its quarterly GCA to be effective December 1, 1990. On November 28, 1990, ULH&P modified its filing as a result of decreases in the cost of spot-market gas subsequent to its original application.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P's notice of November 1, 1990, as modified November 8, 1990, set out certain revisions in rates which ULH&P proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale increase in gas cost from its suppliers in the amount of \$1.011 per Mcf including take-or-pay billings. ULH&P's expected gas cost is \$3.890 per

Mcf, which includes a take-or-pay recovery component of 9.7 cents per Mcf.

2. ULH&P's notice set out a total refund adjustment of 21.4 cents per Mcf. This adjustment is composed of 11 cents per Mcf from a previous adjustment and a current adjustment of 10.4 cents per Mcf, which is calculated to return total supplier refunds on hand of \$1,089,691, including interest. On November 21, 1990, the Commission requested further information concerning the source of the current quarter refund adjustment.

3. ULH&P's notice set out a current quarter actual adjustment in the amount of 21.2 cents per Mcf to compensate for previous under-recovery of gas cost through the operation of its gas cost recovery procedure during the months of June, July, and August and recovery of gas inventory charges ("GIC"). ULH&P proposed a total actual adjustment in the amount of 25.1 cents per Mcf to reflect the GIC and current under-collection as well as under- and over-collections from three previous quarters.

According to its application, ULH&P expects to be billed \$679,412 in GIC from its supplier, Columbia Gas Transmission Corporation ("Columbia"). The Commission's November 21, 1990 Order also requested ULH&P to address certain policy and technical questions in order to assess the reasonableness of GIC recovery. The GIC amount should be removed from ULH&P's actual adjustment computation pending the Commission's final decision on recovery. The resulting current quarter adjustment should be 14.9 cents per Mcf yielding a total actual adjustment of 18.8 cents per Mcf.

4. ULH&P's notice set out a current quarter balancing adjustment in the amount of .1 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of (2.0) cents per Mcf reflects the current as well as three previous balance adjustments.

5. The combined effect of the above adjustments is ULH&P's interim gas cost recovery rate in the amount of \$3.844 per Mcf, which is an increase of 97.3 cents per Mcf from the previously authorized rates.

6. ULH&P's interim adjustment in rates contained in the Appendix to this Order is pursuant to the GCA provisions approved by the Commission in its Order in Case No. 90-041 dated October 2, 1990, is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after September 1, 1990.

7. A hearing should be held to more fully investigate the issues addressed herein. ULH&P should be prepared to support its position that the charges should be recovered through its GCA and to address the attributes of Columbia's GIC in comparison to other forms of GICs.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are authorized to be effective with bills rendered on and after December 1, 1990.

2. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

3. A hearing is scheduled for January 3, 1991 at 1:30 p.m., Eastern Standard Time, in Hearing Room No. 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to address the issue of the appropriate recovery of GICs.

Done at Frankfort, Kentucky, this 30th day of November, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO 90-041-A DATED 11/30/90

The following rates and charges are prescribed for the customers served by The Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

GAS SERVICE RATES

RATE RS RESIDENTIAL SERVICE

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge For All CCF Consumed	18.45¢ Plus	38.44¢ Equals	56.89¢ Per CCF

RATE GS GENERAL SERVICE

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge For All CCF Consumed	16.64¢ Plus	38.44¢ Equals	55.08¢ Per CCF

RIDER T-O-P TAKE-OR-PAY RECOVERY CHARGE

The T-O-P charge to be billed during the revenue months of December 1990, January and February 1991 is 9.7 cents per 1,000 cubic feet.